

SCHEDULE CA (540) – PART 2 STATE ITEMIZED DED.

LINE 37 FEDERAL ITEMIZED DEDUCTIONS

Enter itemized deductions from federal Schedule A, line 28.

LINE 38 STATE AND LOCAL INCOME TAXES

Enter the state and local tax from federal Schedule A, line 5 and only the portion relating to foreign income taxes from line 8.

LINE 39 SUBTRACT

Subtract line 38 from line 37. Enter the result here.

LINE 40 OTHER ADJUSTMENTS

Enter the amount of California lottery losses shown on your clients' federal Schedule A. Some other adjustments allowed on line 40 are listed below.

- * Mortgage interest credit
- * Nontaxable income expenses
- * Employee business expenses
- * Investment interest expenses
- * Federal estate tax
- * Generation skipping transfer tax
- * State legislators travel expenses



Some of these adjustments are additions and some are subtractions.

LINE 41 COMBINE

Combine line 39 and line 40. This is the total amount of itemized deductions allowed on the state return. Compare this amount to the standard deduction allowed for your clients' filing status. Take the larger of adjusted itemized deductions or the standard deduction and enter that amount on Form 540, line 18.

If your clients can be claimed as a dependent on someone else's return, complete the "California Standard Deduction Worksheet for Dependents" available on page 22, general information section.

LINE 42 CA ITEMIZED DEDUCTIONS

Is the amount on Form 540, line 13 more than the amount shown below for your clients' filing status?

Single or married filing separately\$150,743

Married filing jointly or
qualifying widow(er)\$301,491

Head of household\$226,119

NO: Transfer the amount from line 41 to line 42.

YES: This amount is outside the scope of the volunteer program. See the instructions for Schedule CA (540).

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Form 540

STEP 5 - TAX

LINE 20 TAX

Determine your clients' tax by using the tax table in your clients' booklet or in this manual starting on page 159.

For additional information about tax, refer to page 24, general information section.

Tax Rate Schedule

Taxpayers with taxable income, line 19, over \$86,934 must use the Tax Rate Schedule to compute the amount of tax due. This is beyond the scope of the VITA/TCE volunteer program. You may refer these clients to Franchise Tax Board.

LINE 21 EXEMPTION CREDITS

Enter the amount from line 11.

LINE 22 SUBTRACT

Subtract line 21 from line 20 and enter the result on line 22. If the amount on line 22 is less than zero, enter -0-.

LINE 23 TAX FROM SCHEDULE G-1 AND FORM FTB 5870A

This is beyond the scope of the VITA/TCE volunteer program.

LINE 24 ADD

Add line 22 and line 23 and enter the result on line 24. Continue to Side 2.

STEP 6 – SPECIAL CREDITS AND NONREFUNDABLE RENTERS CREDIT

LINE 25 THROUGH LINE 27 SPECIAL CREDITS

A variety of additional credits are available to qualified clients to reduce their tax liability. To claim your clients' credits, figure the amount of the credit and enter the credit name, code number, and amount of the credit on line 28 through line 30. For more information, answer the following question.

Are your clients claiming any of the credits listed on the Credit Chart on pages 129 and 130?

NO: Skip line 25 through line 27. Go to line 28.

YES: Figure the amount of your clients' credit or credits. Enter the total amount of credit and the credit code number on line 25 through line 27.

The next column begins a list of the most common credits. For a list of all the credit codes available, see pages 129 and 130.

CREDIT FOR JOINT CUSTODY HEAD OF HOUSEHOLD - CODE 170

Your clients **cannot** claim this credit if they claimed head of household, married filing jointly, or qualifying widow(er) filing status.

Your clients may claim a Credit for Joint Custody Head of Household if they were not married at the end of 2006 (or if they lived apart from their spouse for all of 2006 and are using the married filing separate filing status) and if they furnished more than one-half of the household expenses for their home which also served as the home of

their child, stepchild, or grandchild for at least 146 days but not more than 219 days. If the child is married, your client must be entitled to claim a dependent exemption for the child.

Also, the custody arrangement for the child must be part of a decree of dissolution, legal separation, or separate maintenance, or must be part of a written agreement between the parents that was in effect during the period between the petition and issuance of the final decree.



If you entered an amount on line 23 from form FTB 5870A, refer to the instructions in the Form 540 income tax booklet.

Use the worksheet below to compute the credit.

CREDIT FOR JOINT CUSTODY HEAD OF HOUSEHOLD WORKSHEET

1. Enter the amount from Form 540, line 24 1. _____
2. Credit percentage..... 2. x .30
3. Credit amount.
Multiply line 1 by line 2.
Enter the result or \$337, whichever is less 3. _____

CREDIT FOR DEPENDENT PARENT - CODE 173

Your clients **cannot** claim this credit if they claimed the single, head of household, married filing jointly, or qualifying widow(er) filing status.

Your clients **may** claim this credit if all of the following conditions apply:

- * They were married at the end of 2006 and used the married filing separate filing status.

- * Their spouse was not a member of their household during the last six months of the year.
- * They furnished over one-half of the household expenses for their dependent mother or father's home (whether or not the parent lived in your clients' home).

To figure the amount of credit, use the Credit for Joint Custody Head of Household worksheet on this page.

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CREDIT FOR SENIOR HEAD OF HOUSEHOLD - CODE 163

Your clients may claim this credit if all of the following conditions apply:

- * They were 65 years of age or older on December 31, 2006.
- * They qualified for the head of household filing status in 2004 or 2005 by providing a household for a qualifying individual who died during 2004 or 2005.
- * They did not have a California adjusted gross income over \$54,730 for 2006.



If your clients' 65th birthday is on January 1st, 2006, they are considered to be age 65 on December 31, 2006.

Use the worksheet below to compute the credit.

CREDIT FOR SENIOR HEAD OF HOUSEHOLD WORKSHEET

1. Enter the amount from Form 540, line 19.....1. _____
2. Multiply line 1 by 2% (.02).
Enter the result or \$1,031
which ever is less.....2. _____

CREDIT FOR CHILD ADOPTION COSTS - CODE 197

For the year in which an order of adoption is entered, your clients may claim credit for 50% of the cost of adopting a child who is a citizen or legal resident of the United States, and who was in the custody of a California public agency or a California political subdivision.

Qualifying costs include:

- * Fees of the Department of Social Services or a licensed adoption agency.
- * Medical expenses not reimbursed by insurance.
- * Travel expenses for the adoptive family.

Use the following worksheet to compute the credit.

CREDIT FOR CHILD ADOPTION COSTS WORKSHEET

1. Enter the total qualifying costs 1. _____
2. Multiply line 1 by 50% (.50) 2. _____
Enter the result or \$2,500 whichever is less. The maximum credit is \$2,500 per minor child. Your clients may carry over the excess credit to future years until the credit is used.

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Below is a list of possible special credits. If your client potentially qualifies for any of these credits, call Franchise Tax Board's toll-free public assistance telephone number.

CODE NAME	CODE #	DESCRIPTION
Child Adoption	197	See page 125.
Child and Dependent Care Expenses – FTB 3506		See page 31
Community Development Financial Institution Deposits – Certification required	209	20% of each qualified deposit made to a community development financial institution.
Dependent Parent	173	See page 124
Disabled Access for Eligible Small Businesses – FTB 3548	205	Similar to fed. credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250.
Donated Agricultural Products Transportation – FTB 3547	204	50% of the cost paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations.
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan.
Employer Child Care Program – FTB 3501	189	Employer: Cost of establishing a child care program or constructing a child care facility.
Enterprise Zone Employee – FTB 3553	169	5% of wages from work in an enterprise zone.
Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses.
Farmworker Housing – Certification required	207	50% of new construction or rehabilitation costs for farm worker housing.
Joint Custody Head of Household	170	See page 124.
Joint Strike Fighter Wages – FTB 3534	215	50% of qualified wages paid or incurred in taxable years beginning in 2006, not to exceed \$10,000 for each qualified employee, or a proportional amount for an employee who is employed by the taxpayer for only part of the taxable year.
Local Agency Military Base Recovery Area Hiring & Sales and Use Tax	198	Business incentives for LAMBRAs.
Long Term Caregiver – FTB 3504	214	\$500 multiplied by the number of qualified individuals.
Low Income Housing – FTB 3521	172	Similar to the fed. credit but limited to low-income housing in California.
Manufacturing Enhancement Area (MEA) Hiring – FTB 3808	211	Percentage of qualified wages paid to qualified disadvantaged individuals.
Natural Heritage Preservation – FTB 3503	213	55% of the fair market value of any qualified contribution. This credit is available starting July 1, 2006.
Nonrefundable Renter's	None	See page 27, general information section.

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Other State Tax	187	Net income tax paid to another state or a U.S. possession on income also taxed by California.
Prior Year Alternative Minimum Tax	188	Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 2006.
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates.
Research – FTB 3523	183	Similar to the fed. credit but limited to costs for research activities in California.
Rice Straw – Certification required	206	\$15 per ton of purchased rice straw grown in California.
Senior Head of Household	163	See page 125.
Solar Energy System Credit – FTB 3508	217	Credit for the purchase and installation of a solar energy system.
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTAs.
Teacher Retention Credit – FTB 3505 - Suspended 2006	212	Credentialed teachers may be able to claim a credit of up to \$1,500 (per individual) based on years of service and the limitation based on income.

The following credits are no longer available. However, your clients may claim these credits if there are carryovers available from prior years.

CODE NAME	#	CODE NAME	#
Agricultural Products	175	Orphan Drug	185
Commercial Solar Electric System	196	Political Contributions	184
Commercial Solar Energy	181	Recycling Equipment	174
Employee Ridesharing	194	Residential Rental & Farm Sales	186
Employer Ridesharing	191	Ridesharing	171
\ Small Employer	192		
\ Transit Passes	193		
Energy Conservation	182	Salmon & Steelhead Trout Habitat Restoration	200
Enhanced Oil Recovery – FTB 3546	203	Solar Energy	180
Joint Strike Fighter Property – FTB 3534	216	Solar Pump	179
Low-Emission Vehicles	160	Water Conservation	178
Los Angeles Revitalization Zone Hiring & Sales and Use Tax – FTB 3521	159	Young Infant	161

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Form 540

LINE 28 NONREFUNDABLE RENTER'S CREDIT

To determine if your clients qualify for the nonrefundable renter's credit, refer to page 27, general information section.

LINE 29 TOTAL CREDITS

Add line 25 through line 28 and enter the total credit on line 29.

LINE 30 SUBTRACT

Subtract line 29 from line 24 and enter the result on line 30. If the amount on line 30 is less than zero, enter -0-.

STEP 7 – OTHER TAXES

The computation of other taxes is beyond the scope of the VITA/TCE volunteer program. If your clients are subject to these taxes, refer them to Franchise Tax Board.

STEP 8 - PAYMENTS

LINE 36 CALIFORNIA INCOME TAX WITHHELD

Enter your clients' total California income tax withheld listed in box 17 on Forms W-2. If a joint return is filed, be sure to include the amount withheld from the spouse's wages.

For additional information about income tax withheld, refer to page 26, general information section.

LINE 37 2006 CALIFORNIA ESTIMATED TAX AND OTHER PAYMENTS

For information about estimated tax and other payments, refer to page 27, general information section.

LINE 38 REAL ESTATE WITHHOLDING

Generally, real estate withholding will be considered out of the scope of the volunteer program. If your client had real estate taxes withheld for California real estate sold, enter the total California tax withheld from Form 597.

LINE 39 EXCESS CALIFORNIA SDI OR VPDI WITHHELD

Your clients may claim a credit for excess California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI).

For additional information about excess SDI or VPDI, refer to page 30, general information section.

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LINES 40-43 CHILD & DEPENDENT CARE EXPENSES CREDIT

Enter the qualifying person(s) social security number(s). If the client has more than three qualifying persons, refer to page 31, general information section, for additional information. You must complete and attach form FTB 3506 to your clients' 540 form.

LINE 42

Enter the amount from the form FTB 3506, line 8.

LINE 43

Enter the amount from form FTB 3506 line 12.

LINE 44 TOTAL PAYMENTS

Add line 36, line 37, line 38, 39, and line 43. Enter the total on line 44. These are your clients' total payments.

STEP 9 – OVERPAID TAX OR TAX DUE

LINE 45 OVERPAID TAX

Is the amount on line 44 more than the amount on line 35?

NO: Leave line 46 blank and go to line 48.

YES: Subtract line 44 from line 35 and enter the amount on line 45. This is the total amount overpaid by your clients.

All or part of it can be:

- * Refunded to your client
- * Applied to your clients' 2006 estimated taxes
- * Given as a contribution

LINE 46 AMOUNT YOU WANT APPLIED TO YOUR 2007 ESTIMATED TAX

Enter the amount of line 45, if any, your clients want applied to their estimated tax for 2007.



The amount on line 45 must be at least \$5.00.

LINE 47 AMOUNT OF OVERPAID TAX AVAILABLE THIS YEAR

If an amount was entered on line 46, subtract that amount from line 45 and enter the result on line 47.

LINE 48 TAX DUE

Is the amount on line 44 less than the amount on line 35?

NO: Go to line 69.

YES: Your clients' taxes are more than their total payments and credits. Subtract line 44 from line 35 and enter the result on line 48.

Advise your clients there are penalties for not paying enough tax during the year.

They may have to pay a penalty if the tax due on line 50 is \$200 or more; and the amount of state income tax withheld on line 38 is less than 90% of the amount of the total tax on line 37.

If your clients owe a penalty, Franchise Tax Board will compute the penalty and send a bill.

LINE 49 USE TAX

Please refer to page 24 in the general information section for information regarding use tax.

STEP 10 - CONTRIBUTIONS

Your clients may make contributions to any of the funds listed on line 50 through line 63.

For a list of these funds and a description of each, see page 151.

The amount of a contribution will reduce your clients' refund or, in the event of taxes owed, will increase the amount owed.

For additional information about contributions, refer to page 35, general information section.

LINE 64 TOTAL CONTRIBUTIONS

Add line 50 through line 63. Enter the result on line 64. These are your clients' total contributions.

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STEP 11 – REFUND OR AMOUNT YOU OWE

LINE 69 REFUND OR NO AMOUNT DUE

If there is no amount on line 49 or line 64, enter the amount from line 47 to line 69. This is the amount that will be refunded to your client. If the refund is less than \$1, you must attach a written statement requesting the refund for your client.

Subtract line 49 and line 64 from line 47. If the combined amount of line 49 and line 64 is more than line 47, enter the difference on line 65.

For additional information about Refund or No Tax Due returns, refer to page 35, general information section.

LINE 65 AMOUNT YOU OWE

Add the amount on line 48, line 49 and line 64, if any. Enter the amount on line 65.

For additional information on Tax Due returns, refer to page 36, general information section.

STEP 12 – INTEREST AND PENALTIES

LINES 66 INTEREST AND PENALTIES

Calculation of interest, late filing, or late payment penalties, and underpayment of estimated tax is beyond the scope of the VITA/TCE volunteer program. If your clients believe they may have a penalty, refer them to Franchise Tax Board's toll-free public assistance number.

LINE 67 UNDERPAYMENT OF ESTIMATED TAX

This is beyond the scope of the VITA/TCE volunteer program. Refer these clients to Franchise Tax Board's toll-free public assistance number.

LINE 68 TOTAL AMOUNT DUE

Is there an amount on line 65?

YES: Add line 65, line 66, and line 67. Enter the result on line 68. For payment options, see line 65 instructions.

NO: Go to line 69.

Note: Make all checks and money orders payable in U.S. dollars and drawn against a U.S. financial institution.

LINE 69 REFUND OR NO AMOUNT DUE

Did you report amounts on line 49, line 64, line 66, or line 67?

YES: Combine the amounts from line 49, line 64, line 66, and line 67. If the result is less than line 47, subtract lines 49, 64, 66, and 67 from line 47 and enter the amount on line 69.

NO: Enter the amount from line 47 on line 69. This is your refund amount. If it is less than \$1, see page 35.

2007 TAX FORMS

If your clients e-file they will not be sent tax forms for 2007.

STEP 13 – DIRECT DEPOSIT INFORMATION

It's fast, safe, and convenient for your clients to have their refund deposited directly into their bank account.

Refer to page 36, general information section, for additional information on direct deposit and an illustration showing which bank numbers to use.

SIGN HERE

The instructions for Signing the Return are the same for all of the forms (540 2EZ, 540A, and 540). Refer to page 38, general information section, for specific instructions.

QUALITY REVIEW CHECKLIST

For the Quality Review Checklist and additional tasks that must be completed once you have filled out the return, refer to page 38, general information section.

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Form 540

FORM 540 PROBLEM 1 DATA SHEET

Form 1040 has been completed for the following clients. You must now complete a Form 540. Below is information needed to complete the state return.

Clients Information:

Name:..... Paul P. Peterson – ((****))
Birth Date – 05/11/1959
Paula P. Peterson – ((****))
Birth Date – 07/16/1952

Address:..... 734 Palm Place
Pollock Pines, CA 95726

Phone #:..... (530) 875-5768

Filing Status: Married filing jointly

Dependents:..... Two
Presley Peterson((****))
Birth date – 6/12/1994
Peter Peterson ((****))
Birth date – 8/01/1998


Additional Information

1. The interest shown on line 8a of the Form 1040 (\$100.00) was earned on a personal savings account and savings bonds. A schedule B is attached to show you the figures.
2. Paul & Paula are full year residents.
3. They would like to itemize their deductions for both federal and state.
4. Paul & Paula own their own home.
5. They paid childcare expenses during 2006.
6. Paul contributed \$2000 to an IRA during 2006.
7. Paul has been making student loan payments for eight years and is eligible for a \$60 student loan interest deduction on his federal return.

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Form 540

FORM 540, PROBLEM 1 W-2 INFORMATION FOR PAUL P. PETERSON

a Control number	22222	Void <input type="checkbox"/>	For Official Use Only OMB No. 1545-0008				Visit the IRS website at www.irs.gov	
b Employer identification number ((****))			1 Wages, tips, other compensation 41,194.67		2 Federal income tax withheld 4,016.98			
c Employer's name, address, and ZIP code Pets & Paws 583 Paladin Way Placerville, CA 95667			3 Social security wages 41,194.67		4 Social security tax withheld 2,554.00			
			5 Medicare wages and tips 41,194.67		6 Medicare tax withheld 597.00			
			7 Social security tips		8 Allocated tips			
d Employee's social security number ((****))			9 Advance EIC payment		10 Dependent care benefits			
e Employee's name (first, middle initial, last) Paul P. Peterson 734 Palm Place Pollock Pines, CA 95726			11 Nonqualified plans		12 Benefits included in box 1			
			13 Statutory Employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
			14 Other		12c			
					12d			
f Employee's address and ZIP code								
15 State	Employer's state I.D. no.	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		
CA	((****))	41,194.67	887.56					
					CA SDI	316.36		

Form

**W-2 Wage and Tax
Statement**

2006


Department of the Treasury- Internal Revenue Service
For Privacy Act and Paperwork Reduction
Act Notice, see separate instructions

Copy A For Social Security Administration – Send this entire
Page with Form W-3 to the Social Security Administration;
Photocopies are **Not** acceptable.

2006 California Volunteer Manual

Form 540

FORM 540, PROBLEM 1 W-2 INFORMATION FOR PAULA P. PETERSON

a Control number	22222	Void <input type="checkbox"/>	For Official Use Only OMB No. 1545-0008				Visit the IRS website at www.irs.gov	
b Employer identification number ((****))			1 Wages, tips, other compensation 19,547.45		2 Federal income tax withheld 954.09			
c Employer's name, address, and ZIP code Paradox 732 Partridge Way Pollock Pines, CA 95726			3 Social security wages 19,547.45		4 Social security tax withheld 1,212.00			
			5 Medicare wages and tips 19,547.45		6 Medicare tax withheld 283.00			
			7 Social security tips		8 Allocated tips			
d Employee's social security number ((****))			9 Advance EIC payment		10 Dependent care benefits			
e Employee's name (first, middle initial, last) Paula P. Peterson 734 Palm Place Pollock Pines, CA 95726			11 Nonqualified plans		12 Benefits included in box 1			
			13 Statutory Employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
			14 Other		12c			
					12d			
f Employee's address and ZIP code								
15 State	Employer's state I.D. no.	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		
CA	((****))	19,547.45	422.00					

Form

**W-2 Wage and Tax
Statement**

2006


Department of the Treasury- Internal Revenue Service
For Privacy Act and Paperwork Reduction
Act Notice, see separate instructions

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Page with Form W-3 to the Social Security Administration;
Photocopies are **Not** acceptable.

2006 California Volunteer Manual

Form 540

FORM 540, PROBLEM 1 W-2 INFORMATION FOR PAULA P. PETERSON

a Control number	22222	Void <input type="checkbox"/>	For Official Use Only OMB No. 1545-0008		 Visit the IRS website at www.irs.gov	
b Employer identification number ((****))			1 Wages, tips, other compensation 3,009.09	2 Federal income tax withheld 454.09		
c Employer's name, address, and ZIP code Plugged Up Pipes 12798 Pecan Place Palmdale, CA 93550			3 Social security wages 3,009.09	4 Social security tax withheld 187.00		
			5 Medicare wages and tips 3,009.09	6 Medicare tax withheld 44.00		
			7 Social security tips	8 Allocated tips		
d Employee's social security number ((****))			9 Advance EIC payment	10 Dependent care benefits		
e Employee's name (first, middle initial, last) Paula P. Peterson 734 Palm Place Pollock Pines, CA 95726			11 Nonqualified plans	12 Benefits included in box 1		
			13 Statutory Employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b		
			14 Other	12c		
				12d		
f Employee's address and ZIP code						
15 State	Employer's state I.D. no.	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	((****))	3,009.09	35.00			

Form

W-2 Wage and Tax Statement

2006

Department of the Treasury- Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions

Copy A For Social Security Administration – Send this entire Page with Form W-3 to the Social Security Administration; Photocopies are **Not** acceptable.

Label

(See instructions on page 16.)

Use the IRS label.

Otherwise, please print or type.

Presidential

Election Campaign

For the year Jan. 1–Dec. 31, 2006, or other tax year beginning , 2006, ending , 20	
Your first name and initial	Last name
If a joint return, spouse's first name and initial	Last name
Home address (number and street). If you have a P.O. box, see page 16.	
Apt. no.	
City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.	

OMB No. 1545-0074

Your social security number

Spouse's social security number

▲ You must enter your SSN(s) above. ▲

Checking a box below will not change your tax or refund.

Filing Status

Check only one box.

- 1 ☐ Single
- 2 ☐ Married filing jointly (even if only one had income)
- 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
- 4 ☐ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
- 5 ☐ Qualifying widow(er) with dependent child (see page 17)

Exemptions

If more than four dependents, see page 19.

- 6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a
- b ☐ Spouse
- c Dependents:
- | (1) First name | Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 19) |
|----------------|-----------|--|-------------------------------------|--|
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
- d Total number of exemptions claimed

Boxes checked on 6a and 6b
No. of children on 6c who:

- lived with you
- did not live with you due to divorce or separation (see page 20)

Dependents on 6c not entered above

Add numbers on lines above ▶

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 22.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

- 7 Wages, salaries, tips, etc. Attach Form(s) W-2
- 8a Taxable interest. Attach Schedule B if required
- b Tax-exempt interest. Do not include on line 8a
- 8b
- 9a Ordinary dividends. Attach Schedule B if required
- b Qualified dividends (see page 23)
- 9b
- 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23)
- 11 Alimony received
- 12 Business income or (loss). Attach Schedule C or C-EZ
- 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐
- 14 Other gains or (losses). Attach Form 4797
- 15a IRA distributions
- 15b Taxable amount (see page 25)
- 16a Pensions and annuities
- 16b Taxable amount (see page 25)
- 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E
- 18 Farm income or (loss). Attach Schedule F
- 19 Unemployment compensation
- 20a Social security benefits
- 20b Taxable amount (see page 27)
- 21 Other income. List type and amount (see page 29)
- 22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶

Adjusted Gross Income

- 23 Archer MSA deduction. Attach Form 8853
- 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ
- 25 Health savings account deduction. Attach Form 8889
- 26 Moving expenses. Attach Form 3903
- 27 One-half of self-employment tax. Attach Schedule SE
- 28 Self-employed SEP, SIMPLE, and qualified plans
- 29 Self-employed health insurance deduction (see page 30)
- 30 Penalty on early withdrawal of savings
- 31a Alimony paid b Recipient's SSN ▶
- 32 IRA deduction (see page 31)
- 33 Student loan interest deduction (see page 33)
- 34 Jury duty pay you gave to your employer
- 35 Domestic production activities deduction. Attach Form 8903
- 36 Add lines 23 through 31a and 32 through 35
- 37 Subtract line 36 from line 22. This is your adjusted gross income ▶

7	
8a	
8b	
9a	
9b	
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15a	
15b	
16a	
16b	
17	
18	
19	
20a	
20b	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31a	
32	
33	
34	
35	
36	
37	

Tax and Credits**Standard Deduction for—**

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

• All others:
Single or Married filing separately, \$5,150

Married filing jointly or Qualifying widow(er), \$10,300

Head of household, \$7,550

38	Amount from line 37 (adjusted gross income)	38	
39a	Check <input type="checkbox"/> You were born before January 2, 1942, <input type="checkbox"/> Blind. Total boxes <input type="checkbox"/> if: <input type="checkbox"/> Spouse was born before January 2, 1942, <input type="checkbox"/> Blind. checked 39a <input type="checkbox"/>		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 35 and check here 39b <input type="checkbox"/>		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	
41	Subtract line 40 from line 38	41	
42	If line 38 is over \$112,875, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	
44	Tax (see page 37). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	
45	Alternative minimum tax (see page 39). Attach Form 6251	45	
46	Add lines 44 and 45	46	
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see page XX). Attach Form 8901 if required	53	
54	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8839 c <input type="checkbox"/> Form 8859	54	
55	Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
56	Add lines 47 through 55. These are your total credits	56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	
58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 9	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	

Other Taxes**Payments**

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2006 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
b	Nontaxable combat pay election 66b		
67	Excess social security and tier 1 RRTA tax withheld (see page 59)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 59)	69	
70	Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885	70	
71	Credit for federal telephone excise tax paid. Attach Form 8913 if required	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	

Refund

Direct deposit? See page 59 and fill in 74b, 74c, and 74d, or Form 8888.

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	
74a	Amount of line 73 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	74a	
b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number <input type="text"/>		
75	Amount of line 73 you want applied to your 2007 estimated tax	75	

Amount You Owe

76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60	76	
77	Estimated tax penalty (see page 60)	77	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ **Yes.** Complete the following. ☐ **No**

Designee's name <input type="text"/>	Phone no. <input type="text"/> (<input type="text"/>) <input type="text"/>	Personal identification number (PIN) <input type="text"/>
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Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See page 17.
Keep a copy for your records.

Your signature <input type="text"/>	Date <input type="text"/>	Your occupation <input type="text"/>	Daytime phone number (<input type="text"/>) <input type="text"/>
Spouse's signature. If a joint return, both must sign. <input type="text"/>	Date <input type="text"/>	Spouse's occupation <input type="text"/>	<input type="text"/>

Paid Preparer's Use Only

Preparer's signature <input type="text"/>	Date <input type="text"/>	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN <input type="text"/>
Firm's name (or yours if self-employed), address, and ZIP code <input type="text"/>	EIN <input type="text"/>	Phone no. (<input type="text"/>) <input type="text"/>	



SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Schedule A—Itemized Deductions

(Schedule B is on back)

▶ **Attach to Form 1040.**

▶ **See Instructions for Schedules A&B (Form 1040).**

OMB No. 1545-0074

2006

Attachment
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see page A-2)	1		
2	Enter amount from Form 1040, line 38	2		
3	Multiply line 2 by 7.5% (.075).	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		
Taxes You Paid	5 State and local income taxes	5		
(See page A-2.)	6 Real estate taxes (see page A-5)	6		
	7 Personal property taxes	7		
	8 Other taxes. List type and amount ▶	8		
	9 Add lines 5 through 8	9		
Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	10		
(See page A-5.)	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address ▶	11		
Note. Personal interest is not deductible.	12 Points not reported to you on Form 1098. See page A-6 for special rules	12		
	13 Investment interest. Attach Form 4952 if required. (See page A-6.)	13		
	14 Add lines 10 through 13	14		
Gifts to Charity	15 Gifts by cash or check. If you made any gift of \$250 or more, see page A-7	15		
If you made a gift and got a benefit for it, see page A-7.	16 Other than by cash or check. If any gift of \$250 or more, see page A-7. You must attach Form 8283 if over \$500	16		
	17 Carryover from prior year	17		
	18 Add lines 15 through 17	18		
Casualty and Theft Losses	19 Casualty or theft loss(es). Attach Form 4684. (See page A-8.)	19		
Job Expenses and Certain Miscellaneous Deductions	20 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-8.) ▶	20		
(See page A-8.)	21 Tax preparation fees	21		
	22 Other expenses—investment, safe deposit box, etc. List type and amount ▶	22		
	23 Add lines 20 through 22	23		
	24 Enter amount from Form 1040, line 38	24		
	25 Multiply line 24 by 2% (.02)	25		
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26		
Other Miscellaneous Deductions	27 Other—from list on page A-9. List type and amount ▶	27		
Total Itemized Deductions	28 Is Form 1040, line 38, over \$150,500 (over \$75,250 if married filing separately)? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 40. <input type="checkbox"/> Yes. Your deduction may be limited. See page A-9 for the amount to enter.	28		
	29 If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>			

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11330X

Schedule A (Form 1040) 2006

NOTE: ((****)) = Indicates confidential and/or proprietary information.

Your social security number

Attachment
Sequence No. **08**

Amount

1

5

6

7a At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.

b If "Yes," enter the name of the foreign country ►

8 During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

Schedule B (Form 1040) 2006